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Mysore (roughly one and one-third crores) is estimated at Rs.3 lakhs and that on the coinage of silver at Rs.4,50,000. The Mysore share of the profits on the coinage of bronze and nickel comes to Rs.32,000.

Among other items of indirect contribution may be mentioned:-

Commission on money orders...	88,000
Income-tax on the surplus profits of the M.S.M. Ry.Company, for working the Mysore Railway.....	2,000
Mysore share of surplus profits on the Government of India Railway (Bangalore to Basanthan) situated in Mysore.	67,000

The total of these items comes, as already stated, to Rs.43½ lakhs.

Besides the above, the Mysore Government maintains the Imperial Service Lancers and the Imperial Service Transport Corps at a cost roughly of Rs.7½ lakhs per annum including pension charges. The expections with which these units were formed may be stated in Sir K.Sheshadri Iyer's words (Vide his D.O.letter dated 28th December 1899):-

"His Highness the late Maharaja felt keenly that the enhanced subsidy took away from him the valued privilege of contributing troops for Imperial purposes. This had been his feeling for some years, when towards the latter part of 1887 he heard of the new policy of Lord Dufferin of ~~mk~~ allowing the Native States to improve a portion of their troops and to offer the same for service side by side with the English troops for Imperial Defence. This new policy showed the anomalous military position of Mysore in a stronger light than even before; for, on the one hand this large State was being asked to commute into a money payment, the troops it was bound to contribute on occasions of war; on the other hand, other States were being encouraged under the new policy to offer new contributions of specially trained war troops for imperial purposes. In the new policy His Highness saw an opportunity which would justify a reconsideration of the older policy which had led to the imposition of the enhanced subsidy. His Highness knew full well that the existing army in Mysore (which before the Rendition had been reduced to the minimum required for local purposes) was quite insufficient for furnishing any troops for Imperial Service, and he was also convinced that the State could not afford to raise additional new troops for Imperial Service if the enhanced subsidy(then in abeyance) was eventually to be levied. And yet he was most anxious to be allowed a direct part in the Military Defence of the Empire and to be afforded an opportunity for showing his personal loyalty in the field. Animated by these sentiments he made the offer contained in his letter, dated 17th December 1887. In that letter, he represented

"that his duty of military service to the Paramount Power was not being discharged in the best way possible and he asked to be allowed to raise new troops for Imperial Defence. In thus offering to raise new troops, he did not say how the cost should be met, for he naturally preferred to make no suggestion upon that point, and he expected - not unreasonably - that the cost of any new troops he might be permitted to raise for Imperial Service would surely be taken into account, when the time arrived for the levy of the enhanced subsidy".

It will be seen that while the offer of the Imperial Service units was voluntary enough (at least so far as the Regiment of Lancers is concerned) it was coupled with an expectation that in view of the cost of the Regiments the British Government would generously waive their claim to enhanced subsidy. As it turned out, however, the offer of the Imperial Service troops was accepted by the Government of India and had to be fulfilled while the expected relief from the payment of increased subsidy was refused. In 1880 the Government of India had written "The (increased) subsidy will discharge the State of its existing (but it may be added nominal and ~~xxxxxxxxx~~ unenforced) obligation to maintain a contingent for service outside its territory". But within two decades after this, the Mysore State found itself, no doubt by voluntary act committed again to obligations from which, she had been expressly relieved.

To recapitulate, the following are the details of the Mysore contribution for the military defence of the Empire. The calculations are carefully made by Mr.K.L.Datta (late of the Indian Finance Department) and may be relied upon as being approximately correct:-

Indirect subsidy contributed by Mysore to the Government of India.

-:o:-

	Rs.
Gain of Government of India on opium sold to Mysore ..	5,000.
Salt duty	14,27,000.
Customs duty	20,60,000.
Profits on circulation of currency notes	3,00,000.
Profits on the coinage of silver, ..	4,50,000.
Profits on Bronze and Nickel coins	32,000.
Commission on Money Orders ..	88,000.
Imperial Service Regiment and Imperial Service Transport Corps ..	7,50,000.
Extra expenditure incurred on account of the Assigned Tracts ..	1,00,000.
Income tax on surplus profits of Madras & Southern Mahratta Ry.	2,000.
Government of India share of surplus profits on 56 miles of railways from Bangalore to Bisantham	67,000.
Total ..	52,81,000.

Adding to the above, the subsidy of Rs.35 lakhs, the total contribution of Mysore comes to Rs.86 lakhs or Rs. 1.51 per head of population. In the case of India as a whole, including British possessions and Indian States, the corresponding average figure for the years 1912-13 to - 1914-15 is less than one rupee per head.

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In these calculations, the recent increase in military charges of the Government of India, which is due to the War and to a great extent of a temporary character and towards which Mysore has contributed liberally apart from the subsidy, has not been taken into account.

It has ~~xxxx~~ to be conceded that many of the arguments urged above were already submitted to the Government of India and the Secretary of State on previous occasions by the Mysore Durbar. In ~~the~~ opinion of ~~His Highness~~ those arguments and representations have lost none of their force at the present ~~xxxxx~~ moment and can be reiterated with greater emphasis under the altered circumstances of the present time. The excessive burden laid on the State for military defence has been a standing grievance to the people of Mysore for a long time. The Durbar have always been reluctant to put forward any proposal which may cause the least embarassment to the Supreme Govt and it is for this reason that they have not put forward such a representation so long as financial relief was not absolutely necessary. But they now feel that the rectification of the anomalous

situation of the Mysore State and the disadvantage which its population labours under in the matter of tribute may appropriately form one of the post-war adjudtments in the Indian political system. They would also respectfully urge that when compared with the amount dealt with in the British Indian budget, the Mysore subsidy is too insignificant an item to cause any appreciable dislocation. Above all, any increase in the economic prosperity of the people of Mysore and the development of the resources of the State are of great importance and advantage to the Government of India for, in times of necessity the entire resources of the State are unreservedly at the disposal of the Paramount Power.

The recent financial review published by the Durbar giving a decennial review and quinquennial forecast of the State's finances will indicate the tension which at present exists in the adjustment of financial responsibilities of the Mysore Durbar in regard to the various branches of administration and works of development. In spite of the fairly high level of taxation in

Mysore, the Review shows that there is no appreciable surplus in the budget and adequate funds are not available for development. In fact, after providing for necessary reserves, the revenues fall short of the expenditure by about 5½ lakhs per annum. In recurring administration charges, there is no prospect of any retrenchments; on the other hand, there is a crying need in all parts of the State for rapid progress in Education, Sanitation, Medical relief, Agricultural and Industrial Development. Re-construction problems after the War are exercising their influence on all parts of India and over Native States administration as well and to keep abreast of all progressive ideas of administration, it is imperative that liberal grants should be provided for in regard to the several branches connected with development works and the material and moral prosperity of the people. The subordinate staff of the various Government departments still remain under-paid and with the increase in the cost of living, a substantial improvement in the scale of pay of such public servants is a matter of urgent necessity. Owing to restricted grants under Public

Works, the condition of roads, irrigation works and buildings has considerably deteriorated and a very large additional recurring expenditure is necessary to improve them. The programme of capital expenditure in respect of works already commenced will, during the next five years involve an outlay of over five crores of rupees. In selling the securities with a view to find money for capital expenditure which the Durbar resolved to do upon the advice of Mr.K.L.Datta Special Financial Adviser, they have recently sustained a loss of nearly 32 lakhs which has to be written off the accounts under Assets & Liabilities; and when further securities are also sold, additional losses will have to be faced. The Durbar will have to borrow very largely from next year to meet their capital works programme as there will be no savings that may be expected to accumulate from the year's financial transactions from which such expenditure could be met.

As regards military obligations, the Durbar have voluntarily offered their contribution towards imperial defence and to what extent

the Imperial Service troops have been useful in time of need is a matter within the fullest cognizance of the Government of India and the Imperial Government. The Government of India accepted His Highness' loyal offer to assist the Imperial defence on the assurance that the cost of keeping up such troops will not strain the resources of the State. In 1893, Sir Sheshadri Iyer very emphatically represented that Mysore cannot maintain an additional force costing 7 lakhs and also pay the enhanced subsidy and that the burden upon Mysore will not be heavier if in lieu of the addition of 10½ lakhs, Mysore is asked to maintain a suitable force for active service whenever called upon. He urged that the Treaty of 1807 such an arrangement would be in accordance with what was in force under the Treaty of 1807 and would enable the Maharaja to fulfil his loyal wish to take a suitable part in the scheme of Imperial defence.

During the 4½ years of war, mobilization and other charges came to 11½ lakhs which His Highness' Government have willingly borne from their general revenues declining to accept the

generous offer made by the Government of India that it may form the charge against His Majesty's Government. Vide Residency letter dated the 19th March 1919 and the Durbar's letter dated the 18th July 1919.

The cost under the Imperial Service Regiment and the Imperial Service Transport Corps during the past ten years has increased from Rs.6,20,000 to Rs.7,40,000 and the standard of expenditure under Military is estimated to be about 14. Adding 35 lakhs the present subsidy, the total military expenditure of Mysore represents a very heavy per centage of the total revenues - totally disproportionate to the military needs under internal protection or imperial defence. As already explained the total contribution Mysore pays to the Government of India direct and indirect - at present stands at a figure which is higher than the average for the whole of the British possessions and the Indian States.

Mysore being an inland State is to a very large extent handicapped in the development of her public revenues. The question of levying export and import duties bristles with many difficulties;

the imposition of income-tax will hardly bring an appreciable increase and the requirements under obligatory schemes to develop education and promote medical relief and sanitation in the State, will involve a very large additional recurring expenditure amounting to over 30 lakhs per annum during the next five years. Even making allowances for the growth of revenue under Land Revenue, Mysore Railways and Krishnarajasagara Irrigation works, the State has now to face a serious deficit having regard to the progress in expenditure to which it is morally committed during the next quinquennium. The Durbar, therefore are anxious that the question should be re-opened on the just principles so eloquently urged by Sir J.D.Gordon in his letter quoted in paragraph ..... supra., and the Government of India may now consider all the changed circumstances of the case relating to the Mysore subsidy and take a generous view of the situation both on the grounds of financial necessity as well as grounds of political expediency.

Mysore at present occupies a peculiar and judged by popular standards a markedly inferior position of being required to pay a heavy cash tribute for which there is no political necessity on account of military considerations. There is hardly any justification for the population

of Mysore to be burdened with a contribution from which the subjects of most of the Indian States are practically free and Mysore may now claim under the altered circumstances of post-war reforms and schemes of re-construction, to enjoy the same financial facilities as regards economic and educational development as are sure to be amply provided in other parts of the Empire. On the grounds of financial embarassment, the Mysore Durbar would urge that they have very strong claims for generous treatment in regard to the subsidy. I may quote at least two instances in which the Government of India were pleased to reduce the tribute payable by Native States on account of such embarassment, viz., that of Udaipur where it was reduced to 2 lakhs of rupees and Bunswara which was reduced to only Rs.5,000.

I am fully alive to the obligations imposed upon me by the Treaty in regard to the contribution for the Imperial common defence. All my resources are at the disposal of the Imperial Government in time of War or stress and as stated in the Report on Constitutional Reforms "with one accord the Rulers of Native States in India have rallied to the Empire when war was declared. They have offered their personal services and the resources of their State....."

Now that Peace is declared and the whole world is rejoicing in the prospect of a long continued era of progress and development and all nations will be calling forth to the fullest extent of their resources in the direction of a higher and fuller life, I now place the case in regard to the Mysore subsidy before Your Excellency with perfect

confidence and earnest

confidence and earnest expectation of a just and generous decision on the question of such vital importance to the future progress of Mysore.

Statement showing the incidence of net military charges for protection against external enemies per head of population in India including Native States.

REFERENCE to Finance & Revenue accounts of Govt.of India.	Year.	Gross Receipts.	Expenditure.	Net charges.
		£	£	£
Page 201.	1912-13.	1,387,634	20,953,100	19,565,466
" 205	1913-14.	1,369,652	21,265,765	19,896,113
" 211	1914-15.	1,374,688	21,809,603	20,434,915
			Total ..	£59,896,494
			Average ..	£19,965,498 or Rs.29.95 crores @ Rs.15 a £
		Add for Imperial Service Troops (roughly) ..	1.00	"
		Total ..	30.95	".

Population of the whole of India including Native States is 31.52 crores. So, the incidence per head of population is Rs.